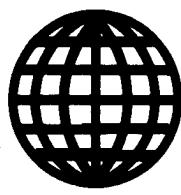


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BANGLADESH

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Near East & South Asia

BANGLADESH

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INTERNATIONAL AFFAIRS

Minutes of Bangladesh-UAE Joint Commission

92AS0539A Dhaka THE NEW NATION in English
24 Dec 92 p 9

[Text] The Second Session of the Bangladesh-UAE [United Arab Emirates] Joint Commission was held in Dhaka from 21 to 23 December, 1991. Mr. Mohammed Khalifa Bin Yousuf Al-Soweidi, Head of the Department of Economic Relations and International Cooperation, Ministry of Foreign Affairs, led the UAE delegation while the Bangladesh delegation was led by Mr. Farooq Sobhan, Additional Foreign Secretary, Government of the People's Republic of Bangladesh.

Mr. Mohammed Khalifa Bin Yousuf Al-Soweidi made courtesy calls on the President, Mr. Abdur Rahman Biswar, Mr. A.S.M. Mustafisur Rahman, the Minister of Foreign Affairs, Mr. Saifur Rahman, the Minister for Finance, Mr. Abdul Mannan Bhuiyan, the Minister for Labour and Manpower, Mr. A.M. Zahiruddin Khan, the Minister for Planning and Mr. Enam Ahmed Chowdhury, Secretary, Economic Relations Division.

In his opening speech, the leader of the Bangladesh delegation stressed the deep historical, religious and cultural ties existing between Bangladesh and the UAE and the special importance that Bangladesh attaches to its relations with the UAE. He underlined Bangladesh's close affinity with the UAE and her total identity with the aspirations and endeavour of the people of the UAE and other Arab States and the Muslim Ummah. He mentioned about the identical views that Bangladesh shares with the UAE on many regional and international issues and common challenges that both countries face in the increasingly complex international economic climate. He said, Bangladesh calls for resolving the Palestine question based on the implementation of the UN Security Council Resolutions, 242 and 338 and welcomes the U.S. peace initiative towards resolving this question and establishment of peace in the Middle-East. He recalled the last official visit of the Hon'ble Prime Minister including the Hon'ble Foreign Minister to the UAE on 28 May 1991, accompanied by a 15-Member delegation which had given further impetus to strengthening the already close bilateral relations between the two countries.

Both sides discussed in-depth, various aspects of bilateral co-operation and agreed that mutually beneficial cooperation should continue in areas like economic development, trade, shipping, industry and joint ventures, agriculture, man-power, security, investment and banking, culture, education, science, sports, etc.

Economic Development

The two sides noted with satisfaction the economic relations that have developed between the two countries

and stressed the need for continuing and expanding areas of cooperation in the economic field, both in the public and private sectors.

Bangladesh sought UAE's assistance in the form of co-financing for the Teesta Barrage Project, rehabilitation and protection projects against floods and cyclones, rural electrification and rural feeder road projects, and development of primary schools. The Bangladesh side informed the UAE side that the total cost of the Teesta Barrage Project comes to U.S. \$475.68 million and foreign assistance of U.S. \$195.8 million is required to complete the project. For the 1st phase of the project, which is under implementation, a total foreign assistance of U.S. \$78.63 million is required. Up-till-now, assistance of U.S. \$30 million has been provided by Saudi Fund (SAFD) and U.S. \$10 million by the Islamic Development Bank (IDB). In order to complete the 1st phase of the project, foreign assistance for the remaining amount of U.S. \$38.63 million is sought from the UAE through Abu Dhabi Fund within the framework of Project funding.

The Bangladesh side requested for the UAE assistance in meeting the dire needs of agriculture inputs like fertilisers, power tillers, etc. and requested for providing grants for the purchase of 90,000 metric tons of Triple Super Phosphate (TSP) and 60,000 metric tons of Muriate of Potash (MOP) fertilisers which are badly required by the farmers in the cyclone and flood affected areas. The UAE side said that this request would be forwarded to their appropriate authorities for their sympathetic consideration.

Trade and Commerce

The two sides expressed their satisfaction that a General Trade Agreement had been signed between the two countries in 1974 with the provision of automatic renewal and that during the past two years the export of Bangladesh has increased substantially. However, they held the view that the volume of trade between the two countries could be further increased and efforts should be made to make up the existing unfavourable balance of trade against Bangladesh. The Bangladesh side impressed upon the UAE side the need for increased imports by the UAE of new items like jute carpets, tea, paper and paper products, leather and leather products, wires and cables, toiletries, cosmetics, sanitary wares, plastic and ceramic products, garments and textiles. Both sides emphasized the need for exchange of trade delegations at both official and business level, wider contacts between the respective chambers of commerce, strengthening of the air and sea links, dissemination of trade information between the two countries, holding of regular trade fairs, buyer-seller meetings and contact promotion programmes between them.

The UAE side noted with appreciation the successful participation of Bangladesh in Abu Dhabi and Dubai International Trade Fairs and expressed the hope that

Bangladesh would continue to participate in the national fairs to be held in Abu Dhabi and Dubai in the coming years.

The Bangladesh side proposed that for promoting trade between the two countries, a bilateral Shipping Agreement may be signed. Both sides agreed that they would coordinate their efforts towards working for the Islamic Common Market.

Industry and Joint Ventures

The Bangladesh side explained to the UAE side the necessity of developing small and cottage industries [corporations] in Bangladesh [BSCIC] which are labour intensive and need small capital investment. At present small industries absorb 82 percent of the total industrial manpower in the country. The proposed for providing assistance of U.S. \$10 million from the appropriate sources in the UAE to meet a part of the credit requirement of foreign exchange for this sector during the Fourth Five Year Plan (1990-95). [sentence as published] The proposed fund to be utilised falls within the framework of the Government's Industrial Policy of 1991 for the sub-sectors like food and allied products, textiles,, paper board and packaging, leather, rubber, chemicals and pharmaceuticals, electrical and electronics.

The Bangladesh delegation also explained to the UAE team the good prospects of setting up of industrial units by the private sector in the Export Processing Zones and BSCIC Industrial Estates in Bangladesh either as Joint Ventures or 100 percent foreign-owned units while using local labour. The UAE side noted the offer and requested further information for their study and decision. The Bangladesh side also requested the UAE side for providing facilities for setting up Joint Ventures in the UAE for warehousing of Jute goods both in the public and private sectors.

Joint Investment and Banking

The Bangladesh side referred to the establishment of the UAE Bangladesh Investment Company Ltd. In 1986 with an authorised capital of U.S. \$12.5 million divided into 12,500 shares of 1,000 U.S. dollar each, of which U.S. \$5 million has been paid up. Out of U.S. \$5 million paid up 3,000 shares are held by the UAE represented by the Abu Dhabi Fund (ADFAED) and 2,000 shares are held by the Government of Bangladesh. It was agreed that both sides would make efforts to subscribe to the balance of the authorised capital. The Bangladesh side further proposed an increase in the investment activities of the investment company. The UAE side sought the support of the authorities in Bangladesh to gear up the activities of the investment company. The Bangladesh side gave its firm assurance that all possible efforts will be made to do so. They also stressed the need for cooperation in the sectors of Banking and Reinsurance.

Canada Gives Grant To Support Food Aid Project

92AS0537A Dhaka *THE NEW NATION* in English
18 Dec 91 p 3

[Text] Bangladesh will receive 90 million Canadian dollars (over Taka 302 crore) worth of wheat and crude vegetable oil to support a three-year Canadian food aid project in the country, reports BSS.

Canadian High Commission sources said the commodities will be used by Bangladesh government to support three programmes aimed at benefitting the poorest in rural areas. The programmes are: The rural maintenance programme employing destitute women to maintain rural infrastructure, the Food For Works Programme for building rural infrastructure and the Vulnerable Group Development (VGD) programme to help destitute women.

"The objectives of the project (food aid project) are to reduce Bangladesh's structural food deficit and ensure food security through the provision of wheat as well as providing balance of payment support through the provision of crude vegetable oil," the sources said.

An agreement to this effect was signed on Sunday between the Canadian International Development Agency (CIDA) and the government of Bangladesh. Mr. Emile Gauvreau, High Commissioner of Canada in Bangladesh and Mr. Ejazul Huq, Joint Secretary, Economic Relations Division, signed the agreement on behalf of their respective governments.

Bangladesh is the largest recipient of Canadian assistance, all of which are in the form of grants.

Zia Speech To Islamic Summit Reported

92AS0550A Dhaka *THE BANGLADESH OBSERVER*
in English 11 Dec 91 pp 1, 10

[Article: "Khaleda's Call at OIC (Organization of the Islamic Conference) Summit; Face Challenges Unit-edly"]

[Text] Dakar, Dec 10—Prime Minister Begum Khaleda Zia today made a call to the Muslim Ummah to respond to the challenges posed by unprecedented political, economic and social changes throughout the world with solidarity, commitment, imagination and innovation, reports BSS.

Making a statement at the Plenary Session of the sixth Islamic Summit at Dakar, Senegal, Begum Zia stressed the significance of safeguarding the individual and collective interests of Islamic community on the threshold of the new era. She expressed her belief that the Muslim Ummah would prove equal to the challenges posed by this development.

The Prime Minister expressed commitment of Bangladesh to the cause of Islamic Ummah and make its own modest contribution to the common objectives.

Begum Zia said, "Our fundamental quest is to contribute to building a new world order through determined pursuit of the set objectives of our charter—to close Muslim ranks, to pursue peace based on Justice, to promote the just cause of our Palestinian brothers, to safeguard the dignity, independence and national rights of Muslims everywhere and to consolidate all-round cooperation among ourselves."

While touching on different issues of the Islamic community, the Prime Minister mentioned the disruption of OIC [Organization of the Islamic Conference] following the cruel invasion and occupation of Kuwait. She said, "it challenged principles fundamental to our charter and, split our ranks."

The Prime Minister said the invasion of Kuwait sent shock waves through the world economy that were still being felt. She hoped that Iraq would return to the path of reason and legality in full compliance with the resolutions of the UN Security Council.

Begum Zia said the door of reconciliation remained open. It was for Iraq to seize the opportunity and respond in conformity with the OIC's objectives and principles.

Mentioning the potential of significant breakthrough on long outstanding problems in the Islamic world, the Prime Minister said the recently concluded Middle East peace talks in Madrid, under joint auspices of the United States and the Soviet Union, held a bright prospect for peace that had long eluded this troubled region.

She said with the Arab delegation clearly demonstrating in the meeting their option for stability, it was up to Israel not to miss this vital opportunity and to engage in meaningful negotiations.

The Prime Minister said Bangladesh had always held that peace in the Middle East must be based on justice. She said the Gulf crisis exposed the folly of adopting different standards in dealing with aggressor states.

Begum Zia said the Intifida testified to the Palestinian determination to reject any imposed status quo Israel must cease its illegal policies to encourage Jewish immigrants to these territories, to expand illegal settlement therein and pursue its brutal policy of repression against Palestinian people.

The Prime Minister noted with happiness that the agony in Lebanon after 16 years of violence and instability was now coming to an end by paving the way to national reconciliation and the emergence of a new, peaceful and united Lebanon following the Taif conference of Lebanese leaders. She paid warm tributes to Lebanese President Ilyas Harawi for his efforts and especially to King Fahd of Saudi Arabia, King Hassan II of Morocco and President Chadli Benjedid of Algeria for their pioneering role in re-establishing peace in Lebanon.

The Prime Minister said solution to the Afghan problem remained elusive despite genuine desire to arrive at a

peaceful settlement there as per the consensus resolution of the UN [United Nations] and the OIC.

Begum Zia said Bangladesh remained fully committed to ensure that the Afghan people determine their own destiny and freely choose their own government without any interference. She said "equally, we are bound to preserve sovereignty, territorial integrity, political independence, non-aligned and Islamic character of Afghanistan.

The Prime Minister called upon the Afghan Mujahedeen to close ranks and adopt a unified stand at this crucial moment when their defiant resistance and manifold sacrifices had set the stage for a settlement.

Begum Zia extended Bangladesh's support to the initiatives taken by UN Secretary General and hoped that it would lead to a political and negotiated settlement of the Afghan problem.

Effects of Recognizing Commonwealth States Reported

92AS0548A Dhaka THE BANGLADESH OBSERVER
in English 29 Dec 91 pp 1, 10

[Article: "Move To Resume Business With CIS; Dhaka Recognises Russia, 10 Other Republics"]

[Text] Bangladesh on Saturday accorded formal recognition to Russian and ten other members of the new Commonwealth of Independent States [CIS], reports BSS.

The Bangladesh Government also welcomed the formation of the Commonwealth of Independent States.

Commenting on the subject a Foreign Office spokesman said that the government looked forward to mutually beneficial relationships between Bangladesh and each of the 11 newly independent republics.

The decision has been conveyed separately to the governments of each of the Republic through their representations in Moscow, the spokesman said.

The republics are Azerbaijan, Republic of Byelorussia, Republic of Armenia, Republic of Kazakhstan, Republic of Kirghizia, Republic of Moldavia, Russian Federation, Turkmenia, Republic of Uzbekistan and Ukraine.

UNB adds: The government is planning to contact soon the break-away republics of the Soviet Union individually to resume business with them, official sources said Saturday.

Importers in the erstwhile Soviet republics, who had trade with Bangladesh, will be traced out and offered to re-establish business, they said.

Against the backdrop of severe cash crisis faced by the newly independent republics, now under a loose-knit Commonwealth, bilateral business in the form of barter and counter-trade will be proposed to each of them.

Confirming the strategies planned to move into the newly opened market of what was once a centrally controlled economy, Commerce Minister M.K. Anwar told UNB revival of business with Soviet Union was initiated well before the disintegration of USSR, after the expiry of barter agreement.

Efforts, however, have so far produced little because of continued political and economic uncertainty in that region, he said.

Business with USSR remained cut off since the expiry of the latest barter agreement in last March.

Under the latest barter agreement, the two sides were to exchange commodities worth 19 million pound sterling each way.

Dhaka used to export mainly jute and tea to the former union while Moscow's sales were crude oil and chemicals.

The Commerce Minister, however, informed that business responses, although very limited, were now being received from some of the independent republics.

The government is requesting that chambers here to invite prospective business people from different republics, he said.

Meanwhile, the Federation of Bangladesh Chambers of Commerce and Industry is learnt to have despatched invitation to trade bodies of various republics of the Russian Commonwealth for visiting Bangladesh.

Preparation for a Bangladesh business mission is also under active consideration.

Officials and the business community here were of the view that drives to capture the new markets would not yield much if not accompanied by an export credit programme.

Although there has been a large demand for cheaper consumer items like toiletries, razor blade and ready-made garments there, Bangladesh can hardly compete with neighbouring India and Pakistan who have already offered export credits to the newly independent states.

Pakistan had reportedly offered to the now-defunct USSR a 30-million dollar revolving export credit programme. India has similar programme also.

For Bangladesh, officials said, it would be difficult to arrange such credit programme because of non-existence of an exim bank here.

The Ministry of Commerce proposed the Finance Ministry in June for arranging export credit programme for the Soviet Union, but nothing has come out of it.

REGIONAL AFFAIRS

Zia Addresses 21 Dec SAARC Session

92AS0541A Dhaka *THE NEW NATION* in English
22 Dec 91 pp 1, 12

[Text] Prime Minister Begum Khaleda Zia yesterday called for making a solemn pledge to pursue with tenacity the problems of poverty and underdevelopment, the real enemies of our peoples.

Addressing the sixth SAARC [South Asian Association for Regional Cooperation] Summit yesterday morning, Begum Zia emphasised the need for renewing resolve to improve our political and economic security rather than depend on military security alone.

She said success of SAARC comprising countries with a mosaic of varied cultures has put us in a position where "we can sink our differences."

She emphasised, "No problem can remain unsolved if we can muster the necessary political will for its solution."

The Summit, held at the Bandaranaike Memorial International Conference Hall (BMICH), is being participated by heads of Government and State of Bhutan, the Maldives, Nepal, Pakistan, India, Bangladesh and host Sri Lanka.

Prime Minister Begum Khaleda Zia, Nepalese Prime Minister Girija Prasad and Indian Premier Narasimha Rao are attending the SAARC Summit for the first time.

The Prime Minister stressed the need to concentrate on four linked areas of social issue, namely poverty alleviation, environment, women development and institutional adjustments in SAARC for effecting economic growth in the region.

Begum Zia said yesterday millions of South Asian people suffer from mass-deprivation and hunger, adding in fact, no region in the world has as many poor people as ours.

Begum Zia said we must be able to provide our poor with "Daal-Bhaat" and also to satisfy their basic needs of nutrition, clothing, shelter, health, family planning and primary education.

Referring to the success stories of poverty alleviation in other South Asian countries, Begum Khaleda Zia suggested to examine those experiences and efforts and develop a region approach to poverty alleviation backed by a common fund if possible.

She said alleviation of poverty would reduce the stress on our land, air, water, forests and other life support systems.

She said this would also reduce natural disasters.

She said the practice of sustainable development was rather costly, particularly for the developing countries,

and suggested that the SAARC could effectively approach the global community to resolve the issue.

Begum Zia said the SAARC study on green-house effects could provide the basis for mutual cooperation in the spheres of both environment and disaster control.

The Prime Minister said for her, SAARC had a deep emotional association. She said Shaheed President Ziaur Rahman had invested so much in this body in thought, time and action, he saw this forum as an instrument for the benefit of the common man and woman in South Asia, she said adding "he viewed this as a framework for peace, stability and development in our region."

She observed that the SAARC members should now think of long-term goals for improving our living standards since it had come a long way following its inception.

Begum Zia noted that drugs and terrorism must be the focus of special attention and the regional institution should be strengthened.

Referring to the expert group meeting on travel documents in Dhaka, the Prime Minister said the meeting had contributed to liberalising movement of our peoples. This will hopefully act as a catalyst to promote SAARC objectives, she added.

Begum Zia welcomed the decision to set up a SAARC fund for regional projects and the follow-up actions on the regional study on trade, manufactures and services.

She said the recently completed study on the causes and consequences of natural disasters and protection and conservation of environment should lead to an action plan for early implementation.

She praised the efforts of the Maldives to create awareness of problems faced by small-resource poor countries prone to natural disasters and greenhouse effects. "The Food Security Reserve Board set up by SAARC has made good progress in the standardisation of rice and wheat specification, she observed.

Earlier on her arrival at the venue, Begum Khaleda Zia was received by Sri Lankan President Ranasinghe Premadasa. She took the salute given by a contingent drawn from the three services as the band played the national anthems of the two countries.

INTERNAL AFFAIRS

Biswas Addresses Opening Parliament Session 92AS0545A Dhaka THE BANGLADESH OBSERVER in English 5 Jan 92 pp 1, 10

[Text] President Abdur Rahman Biswas on Saturday urged the political parties and all to work for consolidating and upholding the tradition of the parliamentary democracy in the country which had taken its roots from the mass upsurge against autocracy and subsequent

passage of the 12th Constitution Amendment Bill unanimously on 6 August, last year.

Addressing the opening of the Winter Session of the fifth Parliament at the Sangsad Bhaban, President Abdur Rahman Biswas, hoped that the new year, 1992 would bring prosperity and self-reliance as dreamt by amrtys of the War of Liberation. He said the whole nation was looking forward to this sovereign Parliament to see its dreams materialised.

Pinning his hope to the Parliament, the President said it was the symbol of people's democratic aspirations and awareness as the future of democracy depends on this Parliament. He said "Democracy has two wings, one is the ruling party and the other is the Opposition and democracy takes speed with the help of these two wings." He said, it was the equal responsibility of all the parties and opinions to give democracy an institutional shape. Recalling the Joint Movement for establishing democracy in the country, the President said, "we have taken politics from the streets to Parliament and made Parliament the centre of all national activities, being the highest forum of the nation."

The President made the appeal when the members of the major Opposition, the Bangladesh Awami League and the third largest party in the Parliament, the Jatiya Party were absent from the House boycotting the session protesting against the violations of some constitutional provisions. The contentions of the Bangladesh Awami League and the Jatiya Party were almost similar to boycott the President's speech.

In the 30-page speech, President Abdur Rahman Biswas elaborated the background for the transition to parliamentary democracy from what they called autocratic system.

The President repeatedly quoted contributions of the late President Ziaur Rahman for introducing multi-party democracy in the country and his sincerity to bring economic emancipation to the people of Bangladesh and to preserve the sovereignty of the country.

He also recalled the sacrifices made by great sons of the soils to liberate the country from the foreign domination. He named "late President Ziaur Rahman, Sheikh Mujibur Rahman, Maulana Abdul Hamid Khan Bhashani, Shere Bangla A.K. Fazlul Huq and Hussain Shaheed Suhrawardy as the architects of independence and sovereignty." In this connection, President Abdur Rahman Biswas also recalled the sacrifices of the people including intellectuals, journalists, cultural activists, students, teachers, farmers, workers, members of the Armed Forces, civil administration who had selflessly struggled for the emergence of the sovereign and independent Bangladesh.

But he recalled painfully the killing of President Ziaur Rahman at a time when the nation was marching towards prosperous democratic society and materialise

the objectives of the War of Liberation. He also mentioned how an elected government was toppled on gun point violating all norms of civilised society and the seizing of power by the autocrats.

Coming to the achievements of the present Government, he said the 12th Constitution Amendment Bill was passed by the Parliament unanimously switching over to parliamentary system in place of presidential form as desired by the people. He called the passage of the 12th Amendment Bill as an unprecedented event in our history. He also recalled the contribution of Acting President Mr. Justice Shahabuddin Ahmed for playing a historic role in the process of transferring power to the constitutionally elected public representatives in the critical juncture of the nation.

Elaborating the objectives of the present democratic Government immediately after taking over, the President said, the main task of the Government was to concentrate on the rehabilitation of the economy wrecked by the former autocratic regime. The Government, he complacently mentioned had fulfilled its three commitments including waiving of land revenue up to 25 bighas, writing off agricultural loans up to Taka five thousand with interest and extending age limit in the government jobs from 27 to 30 years.

But, he was mournful to mention that the Government immediately after the takeover faced an unprecedented natural calamity when a severe cyclonic storm accompanied by tidal surge lashed the southern districts of the country killing more than one lakh people and leaving a massive trail of devastation on 29 April. He said the Government faced the challenge of gigantic cyclone rehabilitation programme in cooperation with the international bodies.

He said the present Government inherited a ruined economy left by the past autocratic regime. The financial institutions were made bankrupt by the unbridled corruption of the past Government and took steps to rejuvenate the economy by fiscal measures in the Budget which included introduction of new taxation system called VAT (Value Added Tax).

The present government, he mentioned, had also drawn pragmatic steps in planning, agriculture, fisheries, industrialisation and development of gas, mineral resources, communications, irrigation health, and education sectors.

Paper Reports Zia Victory Day Speech
*92AS0549A Dhaka THE BANGLADESH OBSERVER
 in English 16 Dec 91 pp 1, 12*

[Article: "Khaleda Calls For Collective Effort To Change People's Lot; Democratic Social System Main Objective of Liberation War"]

[Text] Prime Minister Begum Khaleda Zia on Sunday called upon all to work as members of one family for

building a happy, prosperous and progressive democratic country to uphold the values and spirit of the war of independence, reports BSS.

"The establishment of a democratic social system was the main objective of our glorious Liberation War for which the nation had to pay heavily", she said expressing determination to work for consolidating the hard-earned independence through giving democracy an institutional shape.

Addressing the nation simultaneously over radio and television on the eve of the Victory Day on Sunday evening, the Prime Minister stressed the need for collective efforts to change the lot of the masses. She said "political independence is meaningless without economic emancipation".

She paid tributes to the martyrs of the war of independence whose supreme sacrifices had brought freedom for us.

The Prime Minister said with the change-over to parliamentary democracy an accountable and transparent government had been established reflecting the hopes and aspirations of the people. The Jatiya Sangsad, a symbol of collective wisdom, is now completely independent and sovereign, she said.

Referring to the total freedom of the Press prevailing in the country, the Prime Minister said all political parties now had got the opportunity to express their opinions over radio and television.

In this connection, Begum Zia stated that one full-fledged television station would be set up in Chittagong while four new television broadcasting centres would be established in other places.

The Prime Minister said the foundation of a democratic system was the establishment of rule of law and guarantee of social justice. This foundation had been totally shattered during the past nine years of autocratic rule manifested through creation of upazila courts and decentralisation of the High Court divisions of Supreme Court, she said.

Govt Firm To Curb Terrorism

Begum Zia said democracy and terrorism could not go together and her government was determined to curb terrorism, she said, "we do not compromise with the terrorists and anti-social elements, whatever their party affiliations may be".

She said the government wanted to develop a corruption-free, responsible, welfare-oriented and accountable administration in the interest of achieving stable democracy and all-round development. She said, the administration would be made more dynamic and effective through proper evaluation of merit, efficiency, experience and honesty".

The Prime Minister said the government had increased the salaries and wages of all sections of officials and employees despite the prevailing economic hardship and the damage caused by cyclone, tidal bore and floods. It was now the turn of the government officials and employees to contribute to the welfare of the people, she said and hoped that they would make their contributions in their respective fields.

'Dignity of HC [High Court] Division Restored'

Begum Zia said the dignity of the High Court Division had been restored to its previous position by reverting the steps of the autocratic government to establish the rule of law. The process of shifting the upazila courts to the district headquarters is progressing fast, she said.

Describing various measures taken by the present government, the Prime Minister said a high level 14-member commission had been formed comprising people's representatives, university teachers and administrative officials of secretary level to strengthen the local government institutions.

She said the government would give more powers to the Union Parishads. The focal point of decentralised administration, for direct participation of people in development activities. She said the elections of Union Parishads would be held next month to realise the aims of the government and added necessary preparations had already been made to hold the polls in a free and fair manner.

She called upon the people to make the polls successful.

Labour Policy

The Prime Minister said the government had decided to recast the existing labour policy and labour law suiting the changed need of time. She said a wage commission comprising workers, representatives would be constituted as the government was always sympathetic to the just demands of the labour. The workers in their turn are expected to increase production in mills and factories by maintaining peace and discipline, she said. Dwelling at length on various aspects of the objectives of the government, she said measures had been taken to attract investment.

By expanding the bank loan facilities the government has removed the minimum margin for import with a view to increasing production and to expand import, she said. The rate of bank loan interest had also been reduced, she mentioned.

Prime Minister Begum Khaleda Zia said the government, had inherited a shattered economy caused by the irregularities in financial management by the autocratic regime. She said the economy had been destroyed following unbridled corruptions and violation of all norms and regulations in the financial management to serve the interest of individuals or group and party. The public

sector enterprises have become bankrupt due to the misrule of the autocratic regime, she stated.

Citing examples, the Prime Minister said though Bangladesh Jute Mills Corporation and Bangladesh Textile, Mills Corporation had no loss in 1982-83 the accumulated losses in the two corporations stood at Taka 323 crore and Taka 193 crore during the past nine years. The loss of Power Development Board which was Taka 81 crore in 1982-83 has jumped to Taka 2,700 crore in the last nine years.

Prime Minister Begum Khaleda Zia said during 1982-83, Bangladesh Railway had a loss of Taka four crore while in the past nine years the amount of loss rose to Taka 944,52,00,000 [as published]. The losses suffered by other corporations during the last nine years would be around Taka 1,700 crore, she mentioned.

The Prime Minister said the total accumulated losses in different departments and public sector corporations during the autocratic rule stood at around Taka 9,100 crore.

Begum Zia said the economic growth had become stagnant due to the extensive damage to economy during the autocratic regime. The reduced rate of investment is manifested in the inertia in the economic field which in turn, has shrunk the employment opportunities and economic activities, she said adding, now the nation had to bear the burden of the adverse effects of mismanagement of the autocratic government in the economic sector.

The Premier said, "it is a big challenge for us to revitalise and give momentum to the shattered economy." She called upon all to assist the government in facing the challenges.

Industrial Policy

Turning to the industrial policy of the government, Begum Zia said it had been formulated to build up infrastructures for market economic. The role of the government from now on would be to assist instead of to control, she said. A cell has been set up to revitalise and rehabilitate the sick industries. Besides, an interministerial coordination cell has been set up to help successful implementation of the liberal industrial policy. Necessary steps have also been taken up to attract foreign investment, she said.

Education Policy

Referring to the education policy of the government, Begum Zia said to reduce pressure in the existing universities eight colleges in the districts would be upgraded to university colleges. She said government wanted to spread technical and vocational education to introduce production-oriented education. She said several hundred college teachers had been promoted to put an end to the anomalies created in the promotion of teachers during

the last nine years. She hoped that the teachers would devote their attention to discharging their professional duties with sincerity.

Expressing her concern over the session jams and campus violence, the Prime Minister said such a situation could not be allowed to continue in the greater national interest. She held terrorism responsible for session jams, unemployment and brain drain. The government alone can not solve these problems, she said and called upon all patriotic forces to cooperate with the government in this regard.

Prime Minister Begum Khaleda Zia said the government had decided to open 1500 mass literacy centres in 69 upazilas in the next two years. She recalled to implement its policy of mass literacy. [sentence as published] That Shaheed President Ziaur Rahman had introduced the mass literacy programme in 1980 and in one year and a half 40 lakh people had been given education. Thirty persons will be given education in each of the centres and, in phases, such centres would be set up in all the 460 upazilas to free the country from the curse of illiteracy, she said, adding the government would try hard to ensure education for all by the year 2000.

She said the academic activities of Khulna University had already been started as the government was equally interested in expanding opportunity for higher education.

Prime Minister Begum Zia said with a view to developing self-reliant economy, the government had fixed the target of export at Taka 7,744 crore for the current fiscal year (1991-92) and Taka 8,000 crore for the year 1992-93.

She said considering the importance of communication network. Taka 493 crore had been sanctioned in this sector. The construction of Meghna-Gomti bridge with Japanese assistance, Mahananda bridge with Chinese assistance and Jamuna bridge had been given priority, she said.

Referring to the development programme in the energy sector, Begum Zia said the rural electrification programme had been strengthened and a thermal power station would be set up in Chittagong. Besides, two liquified petroleum gas (LPG) projects involving an investment of Taka 267 crore had been taken up, she said.

The government had already taken steps for coal mining in Barapukuria, Dinajpur, and a gas field had been inaugurated in Feni. The establishment of a nuclear energy centre was under active consideration of the government, she said.

The Prime Minister said transition to democracy through a free and fair poll had earned praise and support of the international community.

Narrating the salient features of the foreign policy, she said it was aimed at increasing cooperation with international community, particularly with the Muslim Ummah, to achieve peace, progress and prosperity.

She said the foreign policy was also aimed at increasing regional and international support in the interest of development in socio-economic and political fields. The Prime Minister said "we believe in non-aligned policy".

While recalling the recent role of the government in the international forums including the UN [United Nations], OIC [Organization of the Islamic Conference] and Commonwealth, she said the government would continue its efforts to make SAARC [South Asian Association for Regional Cooperation] more dynamic and meaningful as dreamt of by President Zia.

The Prime Minister said "we believe in good-neighbourly relationship".

She said the country's development partners had been showing interests to help us in a bigger way. In this connection, she said during the current year the Aid Consortium had pledged to provide 2.3 billion dollars which is equivalent to Taka nine thousand crore.

She said some of the friendly countries, including Japan, UK, USA and France, had waived our loans.

Besides, some other countries have shown interest to establish economic cooperation with Bangladesh which was a reflection of their confidence on the present democratic government.

Stressing the need for improving the present condition of the farmers, she said Shaheed President Zia had introduced canal digging programme which was now being restarted to expand the irrigation facilities for attaining food autarky.

Referring to the need for alleviating poverty of the women, she said the government had reorganised Jatiya Mahila Sangstha to involve women in the nation building activities. The quota reserved for women for employment would be ensured and they would be engaged in various development projects in rural areas.

Referring to the health sector Begum Zia said more medical colleges would be set up and the existing colleges and hospitals would expand. The government intends to reduce the population growth rate to 1.2 by the year 1995, she said. The government would soon announce a new health policy and a new drug policy on the basis of realities. Some steps have already been taken for the welfare of the physicians.

Panel Formed To Reopen Chittagong Dialogue
92ASS0540A Dhaka *THE NEW NATION* in English
22 Dec 91 pp 1, 12

[Text] Rangamati, 21 December: Authorities have constituted an 8-member committee to reopen dialogue with

the outlawed Parbatya Chattagram Jano Sanghati Samity [PCJSS] for resolving the vexing tribal insurgency problem.

Official sources told UNB today the move followed eagerness expressed by the PCJSS leaders towards reinitiating an aborted peace process in the troubled hill tracts.

The PCJSS, the political mentor of so-called Shantibahnini, operating from across the border, has been informed of the formation of the committee for talks.

Headed by an army brigade commander stationed in the Chittagong Hill Tracts area, the committee comprises Additional Divisional Commissioner of Chittagong (member-secretary), a representative of 24 infantry division, Vice-Chairman of Chittagong Development Board, former MP [member of Parliament] from Rangamati Hill District, Ganendu Bikash Chakma, members of the Local Government Parishad of Khagrachari Manindra Kishore Tripura and Abdul Wadud Bhuiyan.

A move by the present government towards a negotiated solution to the tribal issue was stalled as the PCJSS spelt out at the eleventh hour certain conditions to holding the "political dialogue" in early November.

Earlier, the government had six meetings with the PCJSS leaders since October 1985 till the last one held in December 1988. All the talks failed to make any headway towards ending the subversive activities in the hill districts, mainly due to the PCJSS-dictated conditionalities.

Immediately before going for the stalled seventh dialogue, it demanded formation of a high-power parliamentary committee, and said they would sit with that committee in presence of a minister.

Meanwhile, the government declared amnesty for the tribal insurgents on 22 October this year.

Reliable sources said many insurgents, frustrated by the conflicts in PCJSS leadership and realising their mistakes, were ready to surrender but were obstructed by the high command of PCJSS.

Despite the obstruction, more than one hundred outlaws have surrendered to the security forces since the declaration of amnesty in a renewed peace move by the government.

Official sources said tribal refugees from camps the Indian states of Tripura and Mizoram had been returning to their homes and hearth in increased numbers since the amnesty was declared.

If this trend of repatriation continues, they hope, the problem will automatically be solved. But the government wants a quick peaceful solution to the problem through discussion with the tribal leaders.

The seventh dialogue move in November followed a visit to Udoypur refugee camp in Tripura by an official delegation of Bangladesh last February. The delegation also included tribal leaders.

During the visit, tribal leader Hangsho Dhazo Chakma proposed to the PCJSS reinitiation of the talks. Later, the government formed a six-member committee with Hangsho Dhazo Chakma as its convenor to contact the PCJSS leaders.

In last August, Rupayan Dewan, a top leader of PCJSS, communicated to the committee that they would hold discussion for a peaceful solution of the problem in view of the establishment of parliamentary democracy in the country.

Since 1985 tribal insurgents have forced the tribal people to cross the border and take shelter in the refugee camps in India on the plea that the non-tribals would make counterattack and carry on repression on them.

Prime Minister Speaks on Industrial Policy

92AS0538A Dhaka *THE NEW NATION* in English
19 Dec 91 pp 1, 8

[Text] Prime Minister Begum Khaleda Zia yesterday called upon the business community and political parties to help activate the economy in order to make the hard earned political democracy meaningful.

"Let us establish economic democracy for the sake of progress and development of the country," she declared.

"If we can't attain self-sufficiency, we will be nowhere whether we are in power or in opposition," the Prime Minister said.

The Prime Minister was addressing a grand conference of the Federation of Bangladesh Chambers of Commerce and Industry at a local hotel yesterday.

She said: "My government has the only ambition to solve the people's problems as we think of the welfare of the people. We believe in whatever we said. We believe in discipline and honest politics."

The Prime Minister said that the business community formed the heart of the economic development of a country. They have to take responsibility for the economic development of the country. But they have to be cautious against conspiracy and negative politics, she added.

Begum Zia said industrialists were the determining factors in the process of achieving economic democracy. Only through speedy and extensive industrialisation she said the country could attain all round economic development and provide jobs to the unemployed.

The Prime Minister said under the new industrial policy, formulated on the basis of discussions with the business community. The role of the Government was of cooperative instead of controlling.

She said, "We want to build up a market economy infrastructure and with this end in view we are giving special emphasis on the growth of private sector."

The Prime Minister said the personal initiatives, merit and innovation would remain considering issues in the industrial sector. And that is why the Government has kept open all sectors excepting seven for private investment, she said.

She said, the recent destructive activities in the garments industries were the part of evil designs of the conspirators to destroy the economic base of the country. This would never be allowed to be perpetuated, she added.

"We have to resist all kinds of conspiracy and it is the primary duty of all patriotic and cautious people," the Prime Minister added.

She said, economic emancipation of the people was the main objective of the nation's independence war. But in the post liberation period all the industrialist units were nationalised to earn cheap popularity. Later all nationalised industrial sectors became a tool for looting the economic sector.

Begum Zia said as the present government was people's government wanted to initiate public welfare-oriented economy. "We don't belong to any group. We are for the people and their welfare is our supreme consideration," she added.

The Prime Minister warned those who were trying to create chaos and undiscipline in the industrial sector. She also urged all political parties to maintain peace and discipline in the economic and industrial sector for the greater interest of the nation.

The Prime Minister said, during the eight months of her government approval was given to 1,578 new industrial units involving Taka 650 crore. Twenty one joint venture industries had been set up and 16 more are waiting for permission.

She said, 100 percent of industrial units would be handed over to private sector and the export oriented units would be given encouragement under the new industrial policy. "There is no alternative to increasing export earnings for meeting the production cost. She underlined the need for improving the standard of local products for competing with foreign goods. The quality of local products had to be elevated to check smuggling effectively, she emphasised.

Alhaj Md Akram Hossain, President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), in his welcome address said, the industrial policy should be implemented properly and only then it will bring a fruitful result. He said, the government has to ensure that the privatisation cannot be an opportunity for any vested quarter to grab any government industry with nominal price.

The FBCCI President emphasised the need for OIC [Organization of the Islamic Conference] Common Market. A monitoring council should be set up immediately. Jute sector should be reshuffled to reduce the huge loss in this sector. PDB, [Power Development Board] WASA [Water & Sanitation Agency] and other organisations who have system losses will be directed by the new management with private sector and political representatives like MP's [members of Parliament] to make it profitable.

He said, our labour force get salary without production which is found nowhere in the world. For a group of workers or any vested quarters we cannot destroy our greater interest and it will not be tolerated, the FBCCI President warned.

The conference was also addressed by M. Subid Ali, President, Chamber of Industries, M.A. Hannan, EC Member, FBCCI, Alhaj Moqbul Hossain, EC Member, FBCCI, S.M. Bulbul, M.A. Gafur, EC Member, FBCCI, Mahbubur Rahman, President DCCI and Mannan Talukdar.

The speakers assured Prime Minister that all kinds of co-operation will be extended by the business community to make the industrial and economic policy a success. They also warned conspirators and said all kinds of conspiracy and anti-economic activities will be foiled with iron hand.

Government Pact With Labor Group Protested

*92AS0542A Dhaka THE NEW NATION in English
25 Dec 91 pp 1, 8*

[Text] The Ministry of Labour and Manpower yesterday signed an agreement with the SKOP [expansion not given] to settle "once and for all" the industrial disputes.

The ministry has agreed to set up within eight to ten days a wage and productivity commission to report within four months.

The ministry sources said that the commission would relate wage revisions to productivity.

The ministry also agreed to set up a committee to study the labour laws of Bangladesh as well as of the neighbouring countries and recommend reforms, if necessary.

The ministry sources said that development of harmonious industrial relations and settling the nagging problems once and for all were the objectives on which the discussions were held with the federations of the labour unions.

They also said that the proposed wage and productivity commission as well as the committee for studying the labour laws of the country would comprise the representatives of the employers, the unions as well as the government.

The Labour Ministry also agreed to allow an interim relief of 20 percent which would ultimately be merged after the proposed wage and productivity commission gave its report.

The Commission, comprising the representatives of the employers, the trade unions and the government, would also fix the national minimum wages in two months.

The agreement was signed after protracted negotiations between the Labour and Manpower Minister, Mr. Abdul Mannan Bhuiyan, MP [member of Parliament], and the representatives of SKOP. The secretary of the Ministry and the SKOP representatives signed the agreement in the presence of the Minister, the ministry sources said.

The question of denationalisation would also be discussed, the sources said.

SKOP Illegal

Meanwhile, the entrepreneurs sharply reacted to the signing of the agreement between the Ministry of Labour and the SKOP, which they described was an illegal trade union entity. Expressing deep concern at the signing of the agreement the entrepreneurs said that SKOP was an entity completely outside the purview of the labour laws. They said that signing of agreements with such illegal organisations was "completely illegal."

They said that although the agreement between Labour Ministry and SKOP was basically valid for the workers in the public sector, the workers in the private sector would create bitterness taking advantage of such an illogical agreement.

The industrialists in the leather manufacturing said that the Collective Bargaining Agents generally understood the realities and problems in the industry while the SKOP had no idea whatsoever in the industry. So they said that the undesirable agreement with SKOP would create havoc on the leather manufacturing already in problems.

Bangladesh Textile Mills Association [BTMA], the association of the private sector textiles manufacturers, also expressed deep concern at the signing of the agreement with the unregistered organisation called SKOP. The Association said that on the plea of the agreement which

should be only valid for the public sector, the workers in the private sector would only create bitterness asking for hikes.

The private sector textile manufacturers requested the Government to notify that the agreement the Ministry of Labour and Manpower signed with the SKOP was not valid for the private sector.

The BTMA said that it took the decision not to implement the hikes agreed between the Ministry and the SKOP because the private sector textile mills did not have the financial capacity to pay more.

Meanwhile, the SKOP formed by 22 federations of labour unions has been facing problems from within.

Sources within SKOP said that the troubles were deep-seated and that it was bound to split up before long.

Sources within the SKOP indicated that the left-leaning trade union leaders in SKOP were mainly responsible for the problem within the loose confederation.

They said that the left-leaning labour representatives often irrationally pressed for extreme measures which were contrary to popular aspirations.

Some left-leaning trade union representatives also said that some of the elements, particularly those from the Five-Party Alliance, favoured programmes keeping the narrow political interests of the parent parties in the Five-Party Alliance for which the extreme programmes like blockading railways and roads were severely criticised by the people throughout the country.

The Trade Union Congress (TUC) had taken a moderate line and because of their long experience in trade unionism they had opposed the extreme measures which created difficulties for the general people. The TUC also opposed the destructive activities. For such deep differences in attitudes, the SKOP insiders said that the confederation was heading for its natural death before long. The confederation cannot be allowed to serve the narrow interests of political lightweights frequently favouring adventurist course and expediency creating public inconvenience, SKOP insiders said.

The signing of the agreement by the Labour Ministry submitting to pressure came under sharp criticism because of the assertion by the Prime Minister that her government would not yield to any pressure group.

Cost of Living Rises By More Than 10 Percent

92AS0547A Dhaka *THE NEW NATION* in English
2 Jan 92 p 3

[Text] The prices of various goods increased by 7.58 percent in the city of Dhaka during the calendar year 1991; the Consumers Association of Bangladesh (CAB) said quoting the statistics it collected. During the same period, it said, the cost of living went up by 10.48 percent.

During the first half of the year the prices rose 4.91 percent while during the second half the increase was 2.67 percent.

From 31 December of 1990 to 31 December 1991 price of rice increased by 0.75 percent, flour by 3.51 percent, edible oil by 8.54 percent, spices by 11.19 percent, meat by 8.37 percent, milk by 5.83 percent, soaps by 16.90 percent, cloth by 18.81 percent, sarees and lungis by 19.91 percent, house rent by 21.65 percent, fuel by 4.75 percent and WASA [Water & Sanitation Agency] water by 50.27 percent, CAB said.

During the same period came down for pulses by 16.25 percent, vegetables by 5.66 percent, eggs by 1.99 percent, fish by 15.86 percent and for other items by 2.19 percent, the CAB report said.

The CAB called upon the government to take measures against the tendency among profiteers and a section of traders keen to raise prices for making windfall gains exploiting any opportunity at hand.

It said that during the year prices of certain items were suddenly increased by the traders among the items were oil, soaps, onion and chillies.

It said that for seasonal reasons also prices of vegetables suddenly went up by 16 percent in September and by 19 percent in October. CAB said the profiteers also sought to use VAT [value-added tax] as a reason for raising prices.

Imports Fall 20 Percent in Second Half of 1991

92AS0546A Dhaka *THE NEW NATION* in English
8 Jan 92 pp 1, 8

[Text] The imports of the country dropped by 20 percent in the period from July to December 1991 following fall in the demand for the imported goods in the local market and devaluation of Taka in terms of dollar effected in recent period.

The commercial banks in the country including Nationalised Commercial Banks (NCBs) and private banks opened 20 percent less LCs (letter of Credits) between January to December 1991 due to poor response from the commercial importers. The commercial importers who showed eagerness in importing both commercial and consumer goods in the calendar year of 1990 showed little interest in importing consumer items in 1991 due to lack of marketing of the goods in the home market.

The fall in the purchasing power of the people following recession and decline in savings could be attributed to decrease in commercial imports.

Concerned sources indicate that the commercial importers who used to import a few commercial and consumer goods with a view to reexporting them to neighbouring countries are now finding it unprofitable to import these.

A.K. Azad, Managing Director, Silver Rain International, said most of the traders in Islampur and Maulavibazar are not importing commercial goods due to fear losses. He said that the managers of most of the Nationalised Commercial Banks (NCBs) have been requesting the traders to open LCs at their respective bank branches, but the traders have not shown interest in importing goods due to fall in demand for the goods in the local market. He suggested in this regard that the government should make a proper survey of the demand for imported goods on the basis of the existing duty structure. He said that the commercial importers would import more goods if import duties were reduced so as to enable the consumers to buy more goods.

He noted that reduction in import duties will make the goods cheaper, while it would stop smuggling of the same goods from across the border.

According to Banking sources, goods worth Taka 10,000 crore were imported in 1991 against Taka 12,000 crore in 1990. Janata Bank which opened Taka 3,000 crore worth of LCs in 1990 registered Taka 2,350 crore worth of LCs in 1991. Sonali Bank transacted Taka 2,200 crore worth of LCs in 1991 against Taka 2,700 crore in 1990. Agrani Bank, on the other hand opened Taka 1,700 crore worth of LCs in 1991 as against Taka 2,100 crore in 1990. The private banks excluding Rupali Bank registered Taka 2,500 crore worth of LCs in 1991 compared to Taka 3,000 crore in 1990.

The shrinkage in import of goods is an indication of poor economic activities of the government. The big traders who are not importing goods for reexport constitute, however, a small portion of the trading community. Financial analysts indicate that the stoppage of import of a few commercial items in recent months may create a healthy impact in the local market. They feel that the local entrepreneurs will be inspired to produce goods locally to meet the demand of the home consumers if smuggled goods stop coming from across the border. It is anticipated that the entrepreneurs of sick industries would renew their zeal to restart production in a new environment in coming months. They are of the view that the government should give them adequate protection in manufacturing goods in their respective factories. The use of local goods will ultimately help the government to generate more economic activities and raise investment in the country, analysts believe.

It is learnt that the Ministry of Industry and the Ministry of Commerce are assessing the situation arising out of the fall in imports in recent months.

Writer Reports on BCCI, Ershad Relationship
92AS0563A Dhaka THE NEW NATION in English
26 Dec 91 p 5

[Article by Mark Fineman: "BCCI Left Its Mark on Bangladesh"]

[Text] It was no secret in this land of crushing poverty and disease that the Bank of Credit & Commerce International [BCCI] and its dynamic chairman, Aga Hasan Abedi, had a special relationship with Bangladesh and its long-serving dictator, President Hussain Mohammed Ershad.

But few knew just how special.

When Ershad's relatives needed jobs, for example, Abedi quietly hired them for high-paying senior management positions at key BCCI branches in Hong Kong, Britain and Canada.

When Abedi needed a diplomatic cover to bring BCCI into the lucrative banking market in the oil-rich sultanate of Brunei, Ershad dipped into his nation's meagre budget, hired one of BCCI's most flamboyant bank managers to serve as Bangladesh's first ambassador to Brunei and opened a new Bangladeshi embassy in the sultanate. It functioned more like a BCCI sales office than the foreign mission of a fellow Islamic nation.

And finally, when Ershad, in his last years in power, needed help in plundering his impoverished nation of what prosecutors now contend was hundreds of millions of dollars in kickbacks and commissions on foreign-aid projects, Abedi's bank was there.

It was ready and willing to funnel the dictator's ill-gotten wealth through its vast international network of bank branches into secret Ershad accounts in Europe, the Caribbean and the Far East, according to documents and the chief prosecutor who is pursuing the case against the now-jailed Ershad on more than 50 counts of corruption.

"They have plundered this country—both of them," Bangladesh's Atty. Gen. Aminul Haq lamented in a recent interview, in which he detailed for the first time how Ershad allegedly used BCCI to rake in kickbacks worth more than \$1 billion—the equivalent of the entire annual budget of this nation of 100 million people.

"This bank, this BCCI, was a smuggler's paradise," the prosecutor said. "They were the bankers of all the smugglers and the corrupt people here... Of course they helped ruin us."

According to documents obtained by the LOS ANGELES TIMES and information from dozens of interviews with BCCI officers, government officials and private businessmen throughout South Asia, it was from behind Abedi's self-styled veneer of charity and the boasting of the Third World—which the Pakistani marketing wizard used to promote himself and his bank as champions of the poor and oppressed in more than 70

nations worldwide—that BCCI did far more harm than good to Third World nations like Bangladesh.

Here, is a land that perpetually ranks among the poorest of the world's poor, BCCI stretched the law to its limits to avoid paying desperately needed government taxes, to skirt national banking regulations and to remit as much profit as possible out of Bangladesh and into the bank's international web of corporations and subsidiaries, which investigators now say BCCI's top management raided to enrich themselves and their friends.

It was only through the nexus of [sentence as published].

Two unrelated events—last year's popular revolt that overthrew Ershad and last month's closure of BCCI worldwide and its ensuing international scandal—that it is now possible to see the mosaic of exploitation, typical of the bank's operations in impoverished countries like Bangladesh, a pattern that one former officer described as "a perverse, reverse Robin Hood."

In the first decade that BCCI operated here, after opening the first of its four branches in Bangladesh, for example, the bank took as much as \$12 million in profits from a country where the average resident subsists on an annual income of just over \$100, according to documents and bank officers interviewed.

When Bangladesh's central bank disallowed those remittances in the mid-1980s in an attempt to crack down on the capital flight and force the bank to provide surpluses for mounting bad loans, BCCI's top management in London invented an intricate plan. It not only permitted the bank to shelter its profits from Bangladeshi taxation but to use those same tax-free profits to finance a new, corporately separate BCCI-owned bank.

First, BCCI created a Bangladeshi charitable trust, the BCC Foundation. It ostensibly was set up to finance scholarships for the needy, rural health care centres and school libraries across Bangladesh.

The foundation was financed entirely by donations from profits of BCCI's Bangladesh operations; in turn, those operations were made virtually tax-free by virtue of the charitable donations.

But in reality, less than 10% of the donations have gone to charity. Like a similar foundation that BCCI created to avoid taxes in nearby Pakistan, the Bangladesh BCC Foundation earned far more in interest alone than it gave to worthy causes each year.

The foundation's showcase programme, a "Talent Assistance Scheme" to give needy college-age student interest-free loans, received just 400,000 taka (about \$10,500) in donations last year, while the foundation made nearly 10 million taka in interest alone.

The foundation's largest single donation was not to charity but indirectly to BCCI itself: a \$1.5-million investment in a new bank called the Bank of Small Industries & Commerce or BASIC. Staffed almost

entirely by BCCI officers under a "management contract," the foundation's investment in the new, for-profit bank was not only deemed legal by the Bangladeshi government, then-President Ershad and his financial advisers chose to invest in it themselves. They bought one-third ownership in the bank to provide more capital.

Former BCCI officers said Ershad personally helped engineer BASIC's licence to operate at a time when many other prospective banks were turned down. He also attended BASIC's grand opening in 1987, signifying approval. Foundation officials attempting to justify the investment said the new bank must remit all profits back to the foundation. But they conceded that, so far, all such profits have gone into the bank's expansion.

The decision, they said, was made by the foundation's board, which is virtually identical to the BCCI board.

In the end, the net effect of the foundation arrangement, according to several former BCCI officers and government officials, who to keep millions of dollars in taxes out of Bangladesh's national treasury.

"In Bangladesh," declared former BCCI manager Munwar Hussain Chowdhury, who served with the bank for more than a decade in Bangladesh and elsewhere in Asia, "the BCCI really took the country for a ride."

It wasn't just Ershad who personally benefited from BCCI's largess during the years the bank won its many political boons here. Although three of the president's in-laws were hired by BCCI during those years, that was only the beginning of a political employment programme by the bank. It was so massive it often blurred the line between BCCI and the government.

During the two decades that BCCI expanded rapidly throughout the Third World, it was renowned for its ability to hire one or two key government ministers or their relatives to ensure goodwill from governments in power.

But in Bangladesh, BCCI hired no fewer than 15 such individuals. They were the sons and daughters of prime ministers, finance ministers, commerce ministers, foreign ministers, police chiefs, central bank governors and deputy governors.

"It got to the stage where, when you rose to a certain level of office here, your kin automatically went to work for BCCI," said one prominent Bangladeshi businessman. "It was like joining the Foreign Legion."

The most dramatic illustration of how the line between BCCI and the Bangladesh government grew fainter and fainter until it all but disappeared was Ershad's September, 1985, appointment of Iftekhar Karim as the first- and last-Bangladeshi ambassador to Brunei.

Karim, the son-in-law of Ershad's then-foreign minister, was working as a top BCCI executive in Paris at the time. But Ershad, acting on Abedi's personal request, not only signed Karim on as a Bangladeshi ambassador but also

sent him to open the nation's first embassy in Brunei. There, BCCI was desperately trying to open a branch that could benefit by the sultan's estimated \$25 billion in government deposits.

Ultimately, Karim failed in his efforts. After a flurry of critical newspaper accounts appeared describing the grand lifestyle of the ambassador of one of the world's poorest countries—Karim was often seen driving his Rolls-Royce Excalibur around the sultanate and entertaining at lavish parties—Bangladesh closed its embassy, Karim returned to BCCI's employ.

"Karim was a brilliant banker, but the market in Brunei was impossible to break in to—four British banks had a lock on it," recalled former BCCI officer Chowdhury. "Of course, everyone knew Ershad was only doing it as a big favour for Mr. Abedi, but no one was safe to say it out loud in Bangladesh at the time."

It is only now, eight months after Ershad was driven from power and two months after BCCI Bangladesh was shut down in a human disaster that has frozen the life savings of more than 15,000 Bangladeshis, that officials of the country's new government are beginning to piece together such private meetings, which helped form the "special relationship" between Ershad and Abedi.

The new government of Prime Minister Khaleda Zia, which came to power in elections soon after Ershad was deposed and jailed, hired a New York financial investigative firm to trace and locate the massive kickbacks Ershad is believed to have taken on huge development projects.

Refugees From Burma Cause, Face Problems

*92AS0543A Dhaka THE BANGLADESH OBSERVER
in English 4 Jan 92 pp 1, 10*

[Text] Cox's Bazar, 3 January—Continued influx of Arakan Muslims into the southern most district of Bangladesh has been posing a serious socio-economic problem in the area, reports BSS.

According to local people, 30 to 50 thousand Myanmar Muslims have taken shelter at Teknaf, Nhila, Leda and around Cox's Bazar town during the past few years. They have raised bamboo sheds on the government forest lands. Most of them being illiterate are competing with local unemployed people in getting jobs in fishing trawlers and agricultural farms. Myanmar refugees are also involving themselves in some anti-social activities, said Mr. Salamat Ullah Khan, a resident of Cox's Bazar town. They are reported to have destroyed forest to make new settlement and go for begging.

The UNO [district official], Teknaf upazila, said about 5,000 Rohingya Muslims have settled in different areas of the upazila while many are pouring in from Arakan.

This correspondent found about 2,000 Rohingyas at Marichha, most of them entered into a Bangladesh

during the past three months. About one hundred of them arrived just three days back.

This correspondent met a number of Arakan Muslims who say they left their ancestral homeland to escape atrocities by Myanmar army and police. Nurul Alam (30) of Keprudang, Buchidang had entered into Bangladesh two months ago along with eleven members of his family talking to this correspondent at Marichha he said, "our house has been occupied by Myanmar army and we were left with nothing." Zinnur Mohammad (43) of Chowpalong, Abdul Latif (25) and Sufia Khatun (50) of Buchidang also told similar stories. Their homes, have been turned into military caps, they said.

According to the latest report received from Arakan Muslims, new settlements are being given to Mughis by evicting the Muslims. Faiz Ahmed, who was a school teacher at Buchidang said, "We were tortured and then pushed into Bangladesh." He said that Myanmar police and army intensified their oppression on Arakan Muslims after 21 December incident in which Myanmar army and police attacked Rezupara BDR [Bangladesh Rifles] camp killing one Jawan and injuring seven others.

The influx of refugees is obviously creating problems for Bangladesh, an overpopulated country. Bangladesh bore the brunt of 1987 Rohingya Muslims influx when over three lakh were sheltered in Teknaf, Nhila, Leda, Gondhoom and Naikong Chhari areas. The international community at that time extended material help to Bangladesh to save the refugees from hunger and diseases. But now in the absence of any foreign assistance Bangladesh government alone is to look after the refugees.

Local people talking to this correspondent said that Bangladesh should draw the attention of the United Nations and the international community to the growing Arakan Muslim refugee problem. Cox's Bazar Chamber President Muhammad Ali said, Bangladesh cannot handle the situation alone as the problem has reached an alarming proportion.

Leaders of a number of local socio-cultural organisations also expressed concern over the continued influx of Arakan Muslims into Bangladesh saying the government should find a permanent solution to this problem by drawing attention of international community.

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